

FOREWORD

The Asian Development Bank (ADB) financed several technical assistance (TA) projects in 2000 to help the People's Republic of China (PRC) support the development of private sector and small and medium-sized enterprises (SMEs). This report assisted the China General Chamber of Commerce (CGCC) in identifying impediments to private enterprise operations and developing policy recommendations to alleviate constraints, and in strengthening CGCC's capacity for providing business and support services to private entrepreneurs.

Private enterprises are becoming an important source of the economic growth and employment and the share of GDP produced in the non-state sector presently exceeds two thirds. However, based on the firm-level survey, the report indicates that private sector faces problems in accessing finance, improving managerial and technical skills, and from inappropriate competition and other deficiencies in the markets, and their performance is affected by nontransparent and/or inconsistent implementation of policies and regulations. The report proposes short, medium and long-term action plans to address and remove these constraints on the private sector development.

The report advocates that CGCC and other similar organizations can help represent their members' interests more effectively with Government. CGCC should take advantage of the improved climate for private business and reorient its role to provide members with better information and professional advice, and representation with governments at all levels. To deliver improved services in these areas, the CGCC will need to raise the skills of its employees through enhanced training and recruitment.

The report financed under TA No. 3543: *Private Sector Development*, was completed in 2002. Findings of the report were discussed at a workshop in Beijing, attended by officials from the Ministry of Finance, CGCC, the State Economic and Trade Commission, and other government and non-governmental agencies. The report served as input in the Private Sector Assessment that ADB has just completed and will help strategize the future ADB assistance programs while ensuring a better policy and operational environment for private enterprises.

This report is being published for the benefits of the PRC private sector in general and CGCC in particular and the findings of the study and its publication have been endorsed by the PRC Government. The report is being disseminated to a wider audience—government officials, academics, and bilateral and multilateral development agencies. The report is also being published in Chinese.

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